

CITY OF SUNNYVALE
DEFERRED COMPENSATION
PLAN DOCUMENT

11/25/97
revised: 02/24/98, 02/06/01, 03/20/01, 8/13/02

TABLE OF CONTENTS

Section 1. Name	4
Section 2. Definitions.....	4
Section 3. Administration	6
Section 4. Participation Eligibility	6
Section 5. Participation in the Plan.....	6
Section 6. Deferment.....	7
Section 7. Age 50 Catch Up Deferral.....	8
Section 8. Withdrawals	8
Section 9. Distribution of Deferred Compensation Account.....	9
Section 10. Amendment or Termination of Plan.....	12
Section 11. Deferred Compensation Accounts.....	13
Section 12. Transfers.....	14
Section 13. Eligible Rollover Distributions	15
Section 14. No Employment Rights.....	16
Section 15. Non-Assignability Clause.....	16
Section 16. Applicable Law.....	17
Section 17. Administrative Costs.....	17

On November 25, 1997, the City Council of the City of Sunnyvale adopted Resolution No. 190-97, of which Paragraph 7 placed the assets of the City of Sunnyvale Deferred Compensation Plan in a trust. The language of Paragraph 7 is as follows:

"7. The assets of the City of Sunnyvale Deferred Compensation Plan, as adopted by Resolution No. 301-80, amended by Resolutions Nos. 264-81 and 159-90, and amended by this Resolution, shall be held in trust, with City serving as trustee, for

the exclusive benefit of the Plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose. City of Sunnyvale is hereby designated as the trustee under the Plan."

It is the intent of this Plan Document to comply with applicable mandatory provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and other applicable legislation as adopted by the Federal and State Government in regards to 457 Plans and be effective January 1, 2002. In the event that the Plan is in conflict with the Internal Revenue Code , the Code will prevail.

**CITY OF SUNNYVALE
DEFERRED COMPENSATION PLAN
(11/25/97)**

Revised: 02/24/98, 02/06/01, 03/20/01, 08/13/02

SECTION 1. NAME

The name of this Plan is City of Sunnyvale Deferred Compensation Plan (hereinafter referred to as the "Plan"). The Plan was last amended as of August 13, 2002, to read as set forth herein.

SECTION 2. DEFINITIONS

For the purposes of this Plan, certain words or phrases used herein shall have the following meanings:

- (a) "Account" means any and all funds which are the subject of a Participation Agreement with respect to each Participant, regardless of which investment program or programs in which those funds are invested. Each Participant has only one Account under this Plan.
- (b) "City" means the City of Sunnyvale.
- (c) "Compensation" means the full, regular, basic salary for services as an Employee for City on a permanent basis, determined before any reduction pursuant to this Plan, and shall not include overtime or special payments including payments under worker's compensation.
- (d) "Designated Beneficiary" means
 - (i) the person or persons designated by a Participant to receive any amount payable under the Plan as a result of the Participant's death when such designation is made in writing on a form prescribed by City and is received by City prior to the Participant's death; or
 - (ii) the estate of the Participant when
 - (A) the Participant has not designated a beneficiary in the manner prescribed by this subsection, or
 - (B) the person or persons so designated predecease the Participant.

- (e) "Employee" means any person who performs services as a full-time regular employee, as a regular part-time employee, or as a member of the City Council. (Subsection (e) revised 02/06/01 and 03/20/01).
- (f) "Includible Compensation" means compensation for services performed for the City by a Participant which, taking into account the provisions of Section 457 and 415 (c) (3) definition of the Internal Revenue Code. Compensation shall be taken into account at its present value. The amount of Includible compensation shall be determined without regard to any community property laws.
- (g) "Investment" means any investment specified from time to time by City, including without limitation common stocks, mutual funds, pooled funds, bankers acceptances, certificates of deposit, State or Federal Bills, notes or bonds, insurance contracts or policies, or savings accounts or certificates of a bank or savings and loan association.
- (h) "Normal Retirement Age" means, as to each Participant, the age designated by the Participant within the range of ages ending with 70-1/2 years and beginning with 50 years (the earliest age at which a Participant may retire for service under Public Employees Retirement System), but in any event not later than the date or age at which the Participant engages in Termination of Service with City.
- (i) "Participant" means any Employee who fulfills the eligibility requirements of Sections 4 and 5 of this Plan.
- (j) "Participation Agreement" means the forms designated by City pursuant to which a Participant elects to participate in the Plan, or to alter or to revoke such participation, or to make a request for distribution or deferral of distribution.
- (k) "Termination of Service" means severance of employment with City, as determined by City.
- (l) "Unforeseeable Emergency" means severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Internal Revenue Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising out of events beyond the control of the Participant. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case. Examples of an unforeseeable emergency would be the imminent foreclosure of or eviction of the Participant's primary residence, the need to pay for medical expenses or

the funeral expenses of a family member. Examples of what are not considered to be Unforeseeable Emergencies include the need to send a Participant's child to college or the desire to purchase a home.

SECTION 3. ADMINISTRATION

- (a) This Plan shall be administered by the City Manager of City, who shall have full authority to adopt rules and regulations for the administration of the Plan, and to interpret, alter, amend and revoke any rules and regulations as adopted.
- (b) Employees may appeal to the Personnel Board the application of any rule, regulation, interpretation, or revocation of a Deferred Compensation Agreement, and the decision of the Personnel Board shall be conclusive and binding upon all interested persons.

SECTION 4. PARTICIPATION ELIGIBILITY

Any employee of City employed in a full-time position or in a regular part-time position, in probationary, provisional, or regular status, or as a member of the City Council is eligible to participate in this Plan. (Revised 02/06/01 and 03/20/01)

SECTION 5. PARTICIPATION IN THE PLAN

- (a) Each eligible Employee may elect to become a Participant in the Plan and defer payment of part of his or her Compensation by executing a written Participation Agreement and filing it with City.
- (b) Such Participation Agreement shall be effective with respect to all Compensation Earned between
 - (i) the first day of the first full payroll period of the month immediately following the month during which the Participation Agreement was executed and the date the Participant ceases to be an Employee, unless the Participation Agreement is revoked as of an earlier date; or
 - (ii) with respect to a new Employee who enters into a Participation Agreement on or before the first day on which the Participant becomes an Employee, the first day of the first full payroll period of the employment and the date the Participant ceases to be an Employee, unless the Participation Agreement is revoked as of an earlier date.

- (c) Any such revocation shall be effective only for Compensation earned after the last day of the payroll period in which the revocation is received (or such later date as may be required for reasons of administrative convenience).
- (d) Any revocation of participation shall not affect any amounts previously deferred, which shall continue to be subject to the Plan.

SECTION 6. DEFERMENT

- (a) Agreement and Amount Deferred.
 - (i) The Participation Agreement shall specify the amount of the Participant's Compensation to be deferred, which, subject to Section 6(b), cannot exceed for calendar year 2002 the lesser of \$11,000 or 100% of Gross Compensation; provided, however, that whenever the Secretary of the Treasury shall adjust said \$11,000 amount pursuant to Section 457(e)(15) of the Internal Revenue Code, said amount shall also likewise be adjusted automatically pursuant to this Plan.
 - (ii) In no event may the amount which the Participant elects to defer be less than \$10.00 per pay period.
- (b) Change in Deferred Amount. As of the first day of any payroll period, a Participant may, subject to the limitations of Section 6(a), increase or decrease the amount to be deferred by filing an amended Participation Agreement with City prior to such day.
- (c) Special Rule for Three Years Preceding Normal Retirement Age. (Normal Catch-Up) For each of the three taxable years of a Participant 'preceding the calendar year in which he or she attains the Normal Retirement Age he or she may elect to defer amounts in excess of the limits set forth in Section 6(a), provided the amount deferred for any of the three years does not exceed the lesser of:
 - (i) \$22,000 (twice the normal limit) for year 2002) or
 - (ii) The sum of {A} \$11,000 or 100 percent of Includible Compensation, if less than \$11,000 and {B} the difference between the amounts actually deferred under the Plan for 1978 and subsequent years and the maximum amount which could have been deferred under Section 6(a); provided, however, that whenever the Secretary of the Treasury shall adjust said \$11,000 amount

pursuant to Section 457(e) (15) of the Internal Revenue Code, said amount shall also likewise be adjusted automatically pursuant to this Plan.

A prior taxable year shall be taken into account under this subsection only if

- (i) The Participant was eligible to participate in the Plan for such year (or such other eligible deferred compensation plan established under Section 457 of the Internal Revenue Code which is properly taken into account pursuant to the regulations under Section 457), and
 - (ii) compensation, if any, deferred under the Plan, or such other plan, was subject to the deferral limitations set forth in Section 6(a).
- (c) Effect of City Contributions to the Plan in Behalf of Employees. In the event that City determines by Resolution to contribute to the Deferred Compensation Plan on behalf of any employees, then such amounts contributed by City on behalf of any employee shall be included in determining compliance with the limitations of subsections (a) and (c).

SECTION 7. AGE 50 CATCH UP DEFERRAL

Effective January 1, 2002, Age 50 Catch Up Deferral is provided for a Participant who by the end of the taxable year turns age 50. For year 2002 the maximum contribution allowed under this section is \$1000. This amount will be modified as adjusted by the Secretary of Treasury on an annual basis. If a Participant is participating in the Normal Catch Up provision, participation in the Age 50 Catch Up is not allowed in the same taxable year.

SECTION 8. WITHDRAWALS

- (a) Due to Unforeseeable Emergency a Participant may apply to the Personnel Board for withdrawal from the Plan of some or all of the amount credited to his or her Deferred Compensation Plan prior to Termination of Service.
- (b) Withdrawal shall not be allowed to the extent that the hardship is or may be relieved
 - (i) Through reimbursement or compensation by insurance or otherwise, or
 - (ii) By liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe hardship, or

- (iii) By cessation of deferrals under the Plan.
- (c) In the event a Participant is granted permission by the Personnel Board to make a withdrawal, the amount withdrawn shall be limited to that amount determined by the Personnel Board to be reasonably necessary to satisfy the emergency need.
- (d) A Participant shall be entitled to withdraw from the Plan in one lump sum the entire amount credited to his or her Deferred Compensation Plan individual account prior to Termination of Service if:
 - (i) Such amount does not exceed \$5,000.00 or such greater amount as may be authorized for such purpose pursuant to the Internal Revenue Code; and
 - (ii) No amount has been deferred under the Plan with respect to such Participant during the two (2) year period ending on the date of the distribution; and
 - (iii) There has been no prior distribution under the Plan to such Participant to which this subsection applies. **(Subsection (d) revised 02/24/98)**

SECTION 9. DISTRIBUTION OF DEFERRED COMPENSATION ACCOUNT

- (a) Time and Form of Distribution.
 - (i) Except as otherwise provided in this section, the distribution of the Deferred Compensation Account of a Participant shall commence as of April 1 of the calendar year after the calendar year of Termination of Service of the Participant.
 - (ii) The distribution of such Account shall be made in accordance with one of the payment options described in Section 8(b).
 - (iii) Notwithstanding the foregoing, but subject to subparagraph (a)(iv), the Participant may irrevocably elect within sixty (60) days following Termination of Service to have the distribution of the Account commence on a fixed or determinable date other than that described in this paragraph which is at least sixty (60) days after the date such election is delivered in writing to the City, but not later than April 1 of the year following the year of Termination of Service of the Participant or attainment of age 70-1/2, whichever is later .

- (iv) Effective on or after the addition of this subparagraph to the Plan, the Participant may elect to defer the commencement of distribution of the Account to a fixed determinable date later than the date described in subparagraph (iii), but not later than April 1 of the year following the year of the Termination of Service of the Participant or attainment of age 70-1/2, whichever is later; provided, that such election is made after the 61st day following Termination of Service and before commencement of distributions; provided, further, that the Participant may make only one such election.
- (b) Payment Options. As provided in Section 8(a), (c), and (d), a Participant or Beneficiary may elect to have the value of the Account of the Participant distributed in accordance with one of the following payment options, provided that such option is consistent with the limitations set forth herein:
 - (i) Equal monthly, quarterly, semiannual, or annual payments in an amount chosen by the Participant, continuing until his or her Account is exhausted;
 - (ii) One lump-sum payment;
 - (iii) Approximately equal monthly, quarterly, semiannual, or annual payments, calculated to continue for a period chosen by the Participant;
 - (iv) Annual payments equal to the minimum distributions required under Section 401(a)(9) of the Internal Revenue Code over the life expectancy of the Participant or over the life expectancies of the Participant and the Beneficiary;
 - (v) Payments made by the issuer of a retirement annuity policy acquired by City;
 - (vi) Any other payment option selected by the Participant and agreed to by City, provided that such option must provide for substantially nonincreasing payments for any period after the latest benefit commencement date under Section 8(a).

A Participant's or Beneficiary's election of a payment option must be made at least thirty (30) days before the payment of benefits is to commence. If a Participant or Beneficiary fails to make a timely election of a payment option, benefits shall be paid monthly under Paragraph (b)(iii) for a period of five years.

No payment option may be selected by a Participant or Beneficiary under this Section unless it satisfies the requirements of Section 401(a)(9) and 457(d)(2) of the Internal Revenue Code, including that payments commencing before the

death of the Participant shall satisfy the incidental death requirements of Section 457(d)(2)(B)(i)(I). Unless otherwise elected by the Participant, all determinations under Section 401 (a) (9) shall be made without recalculation of life expectancies.

- (c) Designation of Beneficiary. The Participant may designate one or more persons to receive any amount payable under the Plan as a result of the Participant's death. Such designation must be in writing on a form prescribed by City and will be effective only if received by City prior to the Participant's death. The form for this purpose shall be provided by the Administrator and will have no effect until is signed by the Participant and accepted by the Administrator prior to the Participant's death. The participant maintains the sole responsibility for filing a proper beneficiary election with the Administrator.

- (d) Time and Form of Distribution: Death of Participant after Termination of Service.

- (i) Should the Participant die after he or she has begun to receive benefits under a payment option, the remaining payments, if any, under the payment option shall be payable to the Beneficiary of the Participant commencing within the thirty (30) day period commencing with the sixty-first (61st) day after the death of the Participant, unless the Beneficiary elects payment under a different payment option that is available under Section 8 (a) within sixty (60) days after the death of the Participant. Any different payment option elected by the Beneficiary under this section must provide for payments at a rate that is at least as rapid as under the payment option that was applicable to the Participant. In no event shall City be liable to the Beneficiary for the amount of any payment made in the name of the Participant before City receives proof of death of the Participant.

- (ii) If the designated Beneficiary does not live for the remaining period of payments under the payment option, then the commuted value of any remaining payments under the payment option shall be paid in a lump sum to the estate of the Beneficiary. In the event that the estate of the Participant is the Beneficiary, the commuted value of any remaining payments under the payment option shall be paid to the estate in a lump sum.

- (e) Time and Form of Distribution: Death of Participant before Termination of Service.

- (i) Should the Participant die before he or she has begun to receive benefits provided in Section 8(a), the value of the Account of the Participant shall

be payable to the Beneficiary commencing with the thirty (30) day period commencing on the ninety-first day after the death of the Participant, unless the Beneficiary irrevocably elects a different fixed or determinable benefit commencement date within ninety (90) days of the death of the Participant. Such benefit commencement date shall be not later than the later of December 31 of the year following the year of the Participant's death, or if the Beneficiary is the spouse of the Participant, December 31 of the year in which the Participant would have attained the age of 70-1/2.

- (ii) Unless a Beneficiary elects a different payment option prior to the benefit commencement date, death benefits under this Section shall be paid in approximately equal annual installments over five (5) years, or over such shorter period as may be necessary to assure that the amount of any annual installment is not less than \$3,500.00. A Beneficiary shall be treated as if he or she were a Participant for purposes of determining the payment options available under Section 8(b); provided, however, that the payment option chosen by the Beneficiary must provide for payments to the Beneficiary over a period no longer than the life expectancy of the Beneficiary, and provided that such period may not exceed fifteen (15) years if the Beneficiary is not the spouse of the Participant.
- (iii) In the event that the Beneficiary dies before the payment of death benefits has commenced or been completed, the remaining value of the Account of the Participant shall be paid to the estate of the Beneficiary in a lump sum. In the event that the estate of the Participant is the Beneficiary, payment shall be made to the estate in a lump sum.
- (f) Valuation of Lump Sum Distributions. If a Participant's entire Deferred Compensation Account is distributed in a lump sum it shall be valued as of the last day of the calendar quarter preceding the Participant's Termination of Service or the deferred distribution date, whichever is applicable. If a Participant's entire Deferred Compensation Account is not so distributed the undistributed balance shall continue to be credited and debited as provided in Section 11.

SECTION 10. AMENDMENT OR TERMINATION OF PLAN

- (a) Termination of Plan: Consequences. The City Council may at any time terminate this Plan. Upon such termination, no further contributions to the accounts of Participants will be made. The Participants' full compensation on a non-deferred basis will be thereupon restored. Funds previously invested will be retained in the respective Accounts and distributed to Participants and

Beneficiaries in the same manner and under the same terms and conditions as if the Plan had not been terminated with respect to such Accounts in accordance with current law.

- (b) Amendment to Plan: Consequences. The City Council may also amend the provisions of this Plan at any time; provided, however, that no amendment shall affect the right of any Participant or Designated Beneficiary to receive (at the time or times prescribed herein) any amount credited to the Participant's Deferred Compensation Account at the time of the amendment, as adjusted for investment experience pursuant to Section 11 both prior to and subsequent to the amendment.
- (c) Amendment of Plan to Conform to Internal Revenue Code or Other Provisions of Law. The City Council reserves the right to amend the Plan to the extent that may be necessary to conform the Plan to the requirements of Section 457 of the Internal Revenue Code and any other applicable law, regulation or ruling, including amendments which are retroactive to the effective date of the Plan. In the event that the Plan is deemed by the Internal Revenue Service to be administered in a manner inconsistent with Section 457 of the Internal Revenue Code, City shall correct such administration within the period provided by said Section 457. City reserves the right to take such action and do such things as are required to make the Plan, as administered, consistent with Section 457 of the Internal Revenue Code.

SECTION 11. DEFERRED COMPENSATION ACCOUNTS

- (a) The amount by which each Participant's Compensation is reduced, as well as any amounts contributed to the Participant's accounts by City pursuant to Resolution shall be credited to a bookkeeping account known as "Deferred Compensation Account".
- (b) Any Participant may elect to have his or her Deferred Compensation Account increase or decrease in value as measured by one or more Investments.
- (c) At the time each Participant signs a Participation Agreement (and from time to time thereafter in accordance with procedures established by City) the Participant shall elect from the investments then specified by City the Investment or Investments which he or she wishes to measure the value of his or her Deferred Compensation Account.
- (d) If a Participant elects to have the value of his or her Deferred Compensation Account measured by one or more Investments

- (i) there shall be credited or debited to such Account on the last day of each calendar quarter any cash income or loss of income which would have been earned or lost by the Investment or Investments selected by the Participant, and
 - (ii) there shall be credited or debited to such Account any increase or decrease in value of such Investment or Investments since the last day of the preceding quarter.
- (e) City may, but need not, set aside funds to meet its liabilities hereunder. No Participant or Designated Beneficiary shall have any right in any amount deferred under this Plan, in any assets which City may purchase to fund its liabilities under this Plan, or in any income on such assets. It is understood that Participants or Designated Beneficiaries have only a contractual right to payment hereunder, and in the event of default in any such payment will occupy only the status of a general creditor of City.

SECTION 12. TRANSFERS

Transfers from other eligible deferred compensation plans (as defined in IRC Section 457) to the Plan will be accepted:

- (a) Incoming Plan to Plan Transfers. A transfer may be accepted from an eligible deferred compensation plan maintained by another employer and credited to the Account of a Participant under this Plan if
 - (i) the Participant has separated from service with that employer and become an Employee of City, or while employed and
 - (ii) the other employer's plan provides that such transfer will be made.

City may require such documentation from the predecessor plan as it deems necessary to effectuate the transfer, to confirm that such plan is an eligible deferred compensation plan within the meaning of Section 457 of the Internal Revenue Code, and to assure that transfers are provided in such plan. City may refuse to accept a transfer in the form of assets other than cash, unless City agrees to hold such other assets in the Plan. Any such transferred amount shall not be treated as a deferral subject to the limitations of Section 6, except that for purposes of applying such limitations, an amount deferred during any taxable year under the plan from which the transfer is made shall be treated as if it has been deferred under this Plan during such taxable year and

compensation paid by the transfer or employer shall be treated as if it had been paid by City. The actual amount deferred during the Employment Period under both Plans shall be taken into account in calculating the deferral limitation for that year.

- (b) Outgoing Transfers. An amount may be transferred to an eligible deferred compensation plan maintained by another employer and charged to the Account of a Participant under this Plan, if
- (i) the Participant has separated from service with City and become an employee of the other employer, or while employed and
 - (ii) the other employer's plan provides that such transfer will be accepted, and
 - (iii) the Participant and the employers have signed such agreements as are necessary to assure that liability of City to pay benefits to the Participant has been discharged and assumed by the other employer.

City may require such documentation from the other plan as it deems necessary to effectuate the transfer, to confirm that such plan is an eligible deferred compensation plan within the meaning of Section 457 of the Internal Revenue Code, and to assure that the transfers shall be made only under such circumstances as are permitted under Section 457 of the Internal Revenue Code and the regulations thereunder.

SECTION 13. ELIGIBLE ROLLOVER DISTRIBUTIONS

- a) Incoming Eligible Rollover Distributions The Plan may receive an Eligible Rollover Distribution on behalf of a Participant from an Eligible Retirement Plan provided that
- (i) the Eligible Rollover Distribution is made entirely in the form of U.S. dollars, and
 - (ii) the Participant demonstrates to the Administrator's satisfaction that the amount is a qualifying eligible rollover distribution under IRC Sections 402(c)(4), 403(a)(4) or 408(d)(3).
- b) Outgoing Eligible Rollover Distributions Subject to Section 9, a Participant may elect at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Participant, provided the Participant presents to the satisfaction of the Administrator a letter of acceptance or other

written acknowledgement from the accepting plan that is an Eligible Retirement Plan qualified to accept the Eligible Rollover Distributions.

SECTION 14. NO EMPLOYMENT RIGHTS

The Plan in no way abrogates the right of City or any Employee to cause the Employee's employment to terminate with or without cause.

SECTION 15. NON-ASSIGNABILITY CLAUSE

- (a) Except as provided in Section 13(b), (c), or (d), neither the Participant, nor his or her Designated Beneficiary, nor any other designees shall have the right to make subject to option, commute, sell, assign, transfer, encumber, or otherwise convey the right to receive any payments hereunder. Said payments and the rights thereto are expressly declared to be non-assignable and non-transferable.
- (b) To the extent required under a final judgment, decree or order (including that of a property settlement agreement) made pursuant to a state domestic relations law, a portion of the Account of a Participant may be paid out or set aside for payment to a spouse, former spouse, or child of the Participant.

Where necessary to carry out the terms of such an order, a separate Account shall be established with respect to the spouse, former spouse, or child, who shall be entitled to make investment selections with respect thereto in the same manner as the Participant; any amount so set aside for a spouse, former spouse, or child shall be paid in a lump sum at the earliest date that benefits may be paid to the Participant, unless the order directs a different time or form of payment.

Nothing in this section shall be construed to authorize any amount to be distributed under the Plan at a time or in a form that is not permitted under Section 457 of the Internal Revenue Code. Any payment made to a person other than the Participant shall be reduced by required income withholding; the fact that payment is made to a person other than the Participant may not prevent such payment from being includible in the gross income of the Participant for withholding and income tax reporting purposes.

- (c) City's liability to pay benefits to a Participant shall be reduced to the extent that amounts have been paid or set aside for payment to a spouse, former spouse, or child pursuant to Section 12(b). No such transfer shall be effectuated unless City has been provided with satisfactory evidence that City is released from any further claim by the Participant with respect to such

amounts. The Participant shall be deemed to have released City from any claim with respect to such amounts, in any case in which

- (i) the City has been served with legal process or otherwise joined in a proceeding relating to such transfer,
 - (ii) the Participant has been notified of the pendency of such proceeding in a manner prescribed by the law of the jurisdiction in which the proceeding is pending for service of process in such action or by mail from City to the Participant's last known mailing address, and
 - (iii) the Participant fails to obtain an order of the court in the proceeding relieving City from the obligation to comply with the judgment, decree or order.
- (f) City shall not be obligated to defend against or set aside any judgment, decree or order described in Section 13(b) or (c), or any legal order relating to the garnishment of the benefits of a Participant unless the full expense of such legal action is borne by the Participant. In the event that the Participant's action (or inaction) nonetheless causes City to incur such expense, the amount of the expense may be charged against the Account of the Participant and thereby reduce the obligation of City to pay benefits to the Participant. In the course of any proceeding relating to dissolution of marriage, separation, or child support, City shall be authorized to disclose information relating to the Account of the Participant to the spouse, former spouse, or child (including the legal representatives of the spouse, former spouse, or child) of the Participant, or to a court.
- (g) In the event of any attempted assignment or transfer, City shall have no further liability hereunder; nor shall any payments be subject to attachment, garnishment or execution.

SECTION 16. APPLICABLE LAW

This plan shall be construed under the laws of the State of California.

SECTION 17. ADMINISTRATIVE COSTS

Administrative fees shall be charged to each Participant pursuant to the applicable agreement between City and the individual vendors providing programs for investment of Plan funds.